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INFORMATION REPORT

COUNTRY Germany (Russian Zone)

SUBJECT Industrial Information from Land
Saxony-Anhalt

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THIS IS UNEVALUATED INFORMATION FOR THE RESEARCH
USE OF TRAINED INTELLIGENCE ANALYSTS 25X1

1. The first phase of the new expropriation action in Saxony-Anhalt was concluded on 6 March 1948 with the final compilation of a list of expropriated firms and enterprises, which was to have gone on the same date to Berlin with a member of the Commission for Execution of Order 124, for confirmation by SMA Germany. The Commission member informed Minister of Interior Siewert that SMA confirmation should be immediately forthcoming and the list would be returned at once. It had not, however, been received by 31 March 1948; reasons for the delay were unknown.

2. Each of the five copies of the list began with the hand-written decree of the cabinet of 3 March 1948, as follows:

"In compliance with Order No. 124 of the Soviet Military Administration of Germany of 30 October 1945 and the ordinance on the subject of the transfer of sequestered enterprises and firms to the property of the Province of Saxony of 30 July 1946, the land government of Saxony-Anhalt decrees the expropriation of the firms and enterprises designated in the list attached by tape and seal to this decree.

"This list consists of a total of 2096 firms and enterprises, of which 2088 are recommended for expropriation and eight for restoration to the former owner."

The decree was signed (in script) by Minister President Dr. Hübener, and Ministers Siewert, Diecker, Damerow, Herwegen, and Thape. Finance Minister Bruschke's signature was not on the document when it was last seen.

3. [redacted] the notable point of this decree was not so much the expropriation of sixty-two new firms (including some which had been expropriated before and then returned), but the fact that, if the eight restorations were excepted, some 1400 claims submitted to the Committee for Compensation of Hardships in the Landtag were thereby dismissed without discussion and without reference to the

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NO CHANGE in Class. ☐

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Landtag. This procedure, in which the government follows only Order No. 124, is without material foundation, since that order actually applies only to sequestration and temporary administration of some categories of property, "for the purpose of preventing the theft and other misuse of property formerly belonging to the Hitler state and military authorities, unions, clubs, and associations banned and dissolved by the Soviet Military Command and for the purpose of a rational utilization of this property for the needs of the local population and the occupation forces."

4. German officials further protest that the procedure is in complete disregard of the constitution of Land Saxony-Anhalt of 10 January 1947, which provides property guarantee and permits expropriations only for the general welfare and on legal grounds. Ministerial Director Schlobach, permanent secretary of the cabinet and head of the Constitution Division of the Ministry of Interior, had the illegality of the processes pointed out to him and agreed to speak to the minister president about it. As a result, the following

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"The Deputy Minister President and Minister of Interior make known the written order of the President of the Central German Commission for Sequestration and Requisitioning in the Soviet Occupation Zone, dated 8 March 1948, with the following contents:

"In reference to your letter of 6 March 1948, I can confirm to you that the operations of the Commission sent by us to Saxony-Anhalt on orders of SMA Germany were carried out in order to facilitate the conclusion of sequestration work based on Order No. 124 and to provide, once more before its completion, a comprehensive survey of the system of execution of Order No. 124. I can further assure you that the execution of Order No. 124 was always conducted independently of the Landtag, and no Landtag in the zone could in any way have exercised a decisive influence on the execution of this order."

"The cabinet acknowledged this letter and decided that the comment was not entirely satisfactory, since the letter did not contain any written confirmation of the commission, already given orally, under which the Land government had executed the sequestration measures on the orders of the occupation power and the Central German Commission for Sequestration and Requisitioning."

5. Up to the end of March 1948, the government in Halle had been unable to obtain any written confirmation for its expropriation decrees through the Central German Commission or through SMA Germany. German officials not involved feel that the government showed itself incompetent to deal with SMA and Communist tactics and should have obtained a written order from SMA before taking any action in so serious a matter.
6. The strongest supporters of expropriations outside the Industrie Werke were the consumers' unions, which appear to have an insatiable desire for property. Their influence had advanced so much that they were able to have put on the list of new expropriations the large wool storehouse (Wollhalle) in Halle; the well-known Schubert bread factory in Halle, a prosperous family enterprise which had been previously expropriated and restored; and property in Wittenberg for one of their branches. It was reported that some trustees appointed by the Ministry of Interior for newly expropriated firms had occupied not only the business property involved but the residence and household appointments of the former owners.
7. The transfer of control of sequestered property from the Ministry of Economy to the Ministry of Interior was, according to source, obviously for the purpose of strengthening the position of Communist elements at the expense of others. The Sequestration Division received

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instructions by telephone from the Minister of Interior to the effect that SMA Karlshorst had informed the Land leadership of SED that the Land government of Saxony-Anhalt could dispose of all confiscated property according to its own judgment. The Sequestration Division, however, requested a written confirmation of this order before taking action.

8. In cases where expropriation appears impossible, a system of "cold socialization" has been employed. Private firm owners, by this method, are allowed such small quotas of materials for manufacture, products, etc., that they must operate with a permanent deficit and finally are forced to abandon their enterprises. An example is the Wollmer merchandising house in Halle. Similar results are expected from the ordinance of the German Central Administration for Finance, published in the Legal Gazette of Land Saxony-Anhalt, Part I, of 21 February 1948, which was misleadingly inscribed as Price Ordinance No. 63, on inserting trade unions and factory councils into price control. It actually aims [redacted] not only at price 25X1 regulation but at control of all production and sales by factory councils, as appears from Item 2 of the ordinance, which states that: factory councils are charged with seeing that raw materials delivered are to be completely utilized in production, that products manufactured are to correspond in quantity, quality, and type with the raw materials delivered, that products are regularly disposed of, that the sale price is determined according to regulations, and that complete information is available on sales of raw materials and manufactured products from accounting records of the producing or selling firm.
9. Attachment A gives a statement of the property values in question for sequestration. Attachments B-D show the extent of reparations orders [redacted] and also the development of 25X1 production of SAGs. Comparisons are made with the previous month, but price increases granted as a privilege to SAGs and subsidies charged to the domestic economy were not counted by SMA in the total reparations debt.

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ATTACHMENT A

Statement of Value of Property Sequestered and Confiscated in Saxony-Anhalt under SMA [redacted]
(not including property sequestered under [redacted] Item 1b (activists) and 1f)

Type of Property	Quantity	Book Value in RM	Quantity	Book Value in RM	Quantity	Total Book Value in RM
Real Estate						
Military real estate	140	39,781,000	-	-	140	39,781,000
Military installations	128	968,994,000	-	-	128	968,994,000
Industrial installations(dismant)	26	110,308,000	-	-	26	110,308,000
Residence buildings	1,258	21,619,000	1,034	13,203,200	2,292	34,822,200
Office and business buildings	171	26,751,000	93	7,815,460	264	34,566,460
Other built-up real estate	91	25,196,000	246	7,439,090	337	32,635,090
Un-built-up land (hectares)	67,941	56,072,000	227,64.13	329,009	229,58.23	56,401,009
Barracks and Auxiliary Buildings	790	3,312,000	638	1,662,900	1,428	4,974,900
Personal Property						
Furniture and fittings	16	88,694,000	-	-	16	88,694,000
Machinery and tools	-	304,000	-	463,000	-	767,000
Machinery and tools	-	1,658,000	-	55,000	-	1,713,000
Machinery and tools	1,463	2,734,000	25	42,000	1,493	2,776,000
Other movable property	-	1,003,000	-	195,000	-	1,198,000
Capital Assets						
Mortgages and loans	-	99,935,000	-	512,000	-	100,447,000
Other mortgages	-	5,856,000	-	107,000	-	5,963,000
Old credits	-	249,398,000	-	34,750,000	-	284,148,000
Stocks	-	106,000	-	345,000	-	451,000
Shares	-	12,819,000	-	-	-	12,819,000
Other money claims	-	2,772,000	-	228,000	-	3,000,000
Total		1,717,312,000		67,147,659		1,784,459,659

The total entries in the "Special Account for Requisitioned Property" up to 24 February 1948 are 78,643,817.10 RM.
This amount has been placed by SMA Halle sometimes at the disposal of the occupation power and sometimes of the land economy.

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ATTACHMENT B

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Land Government of Saxony-Anhalt
Minister of Economy and Trade
Division Industry/Reparations
Az.: 4241-146 Vo/Do

Halle/Saale, 4 March 1948
Merseburgerstrasse 93, Building 4
Telephone 7861, Extension 65

C O N F I D E N T I A L

REPORT

on the quota, actual payment, and arrears of all reparations and credit payment orders received up to 31 January 1948 and on goods manufactured, packed, and delivered (loaded) for those orders from current production in the territory of the Soviet Occupation Zone of Germany, Land Saxony-Anhalt, as of 31 January 1948.

Amounts in 1000 RM	Type	German Firms	Soviet AGs	Total
<u>Quota</u>				
Total order amounts on 31-1-48	R	414,015.6	517,572.6	931,588.2
	C	12,290.5	21,613.8	33,904.3
Total		426,306.1	539,186.4	965,492.5
To be delivered by 31-3-48	R	381,036.9	496,425.2	877,462.1
	C	12,250.5*	21,613.8	33,904.3
Total		393,327.4	518,039.0	911,366.4
To be delivered by 31-1-48	R	370,484.0	476,242.3	846,726.3
	C	10,937.7	21,613.8	32,551.5
Total		381,421.7	497,856.1	879,277.8
<u>Actual Amounts</u>				
Manufactured and reported for sale	R	334,532.9	338,815.5	673,348.4
	C	9,568.2	21,541.4	31,109.6
Total		344,101.1	360,356.9	704,458.0
Released for sale and for shipping	R	370,778.6*	329,021.4	699,800.0
	C	9,568.2	21,541.4	31,109.6
Total		340,346.8	350,562.8	690,909.6
Delivered (shipped)	R	323,494.1	319,842.8	643,336.9
	C	9,291.8	21,541.4	30,833.2
Total		332,785.9	341,384.2	674,170.1
Status of 31-12-47		324,990.6	328,374.1	653,364.7
<u>Difference</u>				
Between the goods to be delivered by 31-1-48 and the goods actually manufactured and reported for sale by 31-1-48 there is this deficit:	R	35,951.1		
	C	1,369.5		
		37,320.6		

R - Reparations; C - Credit Payment

The values given here correspond to the prices set down in the order requests of SMA, which were established [redacted] Approved increases in price were not included in the account above, since -- although they were paid out to the firms -- they were not included in the confirmation information from SMA and for that reason also are not subject to being reckoned in the total reparations indebtedness.

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By order:
signed Voigt

*Figures [redacted] respectively.
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ATTACHMENT B - page 2

Amounts in 1000 RM	Type	German firms	Soviet AGs	Total
Quota				
Total order amounts on 29-2-48	R	432,411.4	557,068.8	989,480.2
	C	12,290.5	21,613.8	33,904.3
Total		444,701.9	578,682.6	1,023,384.5
To be delivered by 31-3-48	R	377,979.6	499,313.1	877,292.7
	C	12,290.5	21,613.8	33,904.3
Total		390,270.1	520,926.9	911,197.0
To be delivered by 31-2-48	R	363,195.3	481,988.7	845,184.0
	C	10,937.7	21,613.8	32,551.5
Total		374,133.0	503,602.5	877,735.5
Actual Amounts				
Reported for sale	R	339,672.4	359,838.7	699,511.1
	C	9,627.3	21,541.4	31,168.7
Total		349,299.7	381,380.1	730,679.8
Of this, released for sale	R	336,002.8	348,831.7	684,834.5
	C	9,627.3	21,541.4	31,168.7
Total		345,630.1	370,373.1	716,003.2
Of this, delivered	R	327,662.3	338,130.3	665,792.6
	C	9,393.9	21,541.4	30,935.3
Total		337,056.2	359,671.7	696,727.9
Arrears	R	23,522.9		
	C	1,369.5		
Total		24,892.4		

It should be observed in this tabulation that the figures under Quota are the same for the amounts to be delivered by 31 March 1948 only for credit payments, and that the reparations amounts and total differ from the figures given in the March report. Similarly, the figures for Soviet AGs in credit payment remain the same as in the March report, but the reparations figures differ for the two months. No reason can be given for the discrepancies between the two sets of figures for 31 March 1948 except that the quota might have been changed between the two dates.

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ATTACHMENT C

Land Government of Saxony-Anhalt
Minister of Economy and Trade
Division of Industry/Reparations
Az.: 4241-146 Vo/Do

Halle/Saale, 5 March 1948
Merseburgerstrasse 93, Building 4

STATEMENT

on the delivery quota, broken down by goods deliveries per
quarter to the reparations account and credit payment in the
territory of Land Saxony-Anhalt, as of 31 January 1948

R - Reparations, C - Credit Payment; amounts in 1000 RM

Period	German Firms		SAGs		Total
	R	C	R	C	
1945	45,100.9	--	15,985.8	--	61,086.7
1946 Quarter 1	63,289.7	663.6	9,435.6	3,696.3	77,085.2
1946 Quarter 2	31,823.8	409.6	14,931.5	6,463.3	53,628.2
1946 Quarter 3	23,537.7	1,310.0	72,996.0	9,568.8	107,412.5
1946 Quarter 4	76,130.2	3,945.4	94,644.1	1,281.1	176,000.8
1947 Quarter 1	18,475.6	1,898.7	70,793.9	235.2	91,403.4
1947 Quarter 2	25,725.8	960.7	65,903.5	270.7	92,860.7
1947 Quarter 3	39,432.1	749.4	51,678.3	98.4	91,958.2
1947 Quarter 4	44,135.6	1,000.3	71,658.0	--	116,793.9
1948 Quarter 1	13,385.5	1,352.8	28,398.5	--	43,136.8
1948 Quarter 2	13,676.4	--	13,631.3	--	27,307.7
1948 Quarter 3	8,316.1	--	3,685.5	--	12,001.6
1948 Quarter 4	10,408.7	--	3,830.6	--	14,239.3
1949	477.2	--	--	--	477.2
1950	100.3	--	--	--	100.3
Total	414,015.6	12,290.5	517,572.6	21,613.8	965,492.5
Status of 1-12-47	401,834.6	12,410.2	503,638.4	21,710.2	939,593.4

By Order
signed: Voigt

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ATTACHMENT D

Land Government of Saxony-Anhalt
Minister of Economy and Trade
Division Industry/Reparations
Az.: 4241-146 Vo/Do

Halle/Saale, 12 March 1948
Merseburger Strasse 93, Building 4

SURVEY

of the total order status and reparations and credit payment orders
received during the month of January 1948 by Land Saxony-Anhalt, set up
according to the main industrial groups, as of 31 January 1948.

No.	Goods Group Description	Received in Jan 1948		Total 31 Jan 1948		
		Ger Firms	Sov AGs	Ger Firms	Sov AGs	Total
(in 1000 RM)						
<u>I. Reparations Orders</u>						
01	Mining (minus coal)	1,548.2	-	13,120.5	-	13,120.5
02	Metallurgy	23.6	-222.0	26,389.6	28,346.2	54,735.8
03	Iron, tin, metal goods	-14.6*	4,948.1	6,199.7	16,680.8	22,880.5
03/II	Cultural goods	25.0	-	211.0	-	211.0
04	Steel, steam boilers, apparatus construct	51.1	177.7	21,417.7	23,529.0	44,946.7
05	Machine construction	493.4	-935.7	263,992.4	221,924.6	271,917.0
06	Vehicle construction	-269.3	-3,238.0	16,317.6	27,150.7	43,468.3
07	Electrotechnics	-50.8	-	2,144.5	2,623.9	4,768.4
08	Precision mechanics, optics	-25.4	120.3	1,963.0	15,929.5	17,892.5
08/II	Medical instruments	279.4	-	685.1	-	685.1
09	Stones and earths	2,820.9	105.9	21,685.0**	15,153.4	37,038.4
10	Ceramics and glass	3,987.7	-	9,309.7	-	9,309.7
11	Wood	-53.1	-	23,788.9	-	23,788.9
13	Chemistry	-199.7	-1,004.2	25,175.7	75,425.3	100,601.0
13/II	Pharmaceuticals	-	-	79.0	487.2	566.2
14	Rubber and asbestos	2,868.3	15,462.1	11,400.8	86,010.7	97,411.5
15	Artificial products	-	-1,472.0	34.3	3,530.4	3,564.7
16	Cellulose and paper	-	-	2,721.8	-	2,721.8
17	Textiles	-	-	345.4	-	345.4
18	Clothing, knit goods, linen	-	-	2,435.5	-	2,435.5
19	Leather, leather goods, shoes	431.2	-	7,943.8	-	7,943.8
20	Fuel, petroleum	136.1	-	4,370.8	-	4,370.8
21	Food industry	-	-	147,852.4	-	147,852.4
22	Agriculture and forestry	129.2	-	18,208.7	-	18,208.7
23	Other accounts	-	-	24.7	780.3	805.6
Reparations Total		12,181.0	13,934.2**	414,015.6	517,572.6	931,588.2
<u>II. Credit Payment Orders</u>						
04	Steel, steam boilers, apparatus construction	-	-	4,209.6	-	4,209.6
05	Machine construction	-119.7	-96.5	3,712.6	830.8	4,583.4
07	Electrotechnics	-	-	563.0	-	563.0
10	Ceramics and glass	-	-	104.8	-	104.8
13	Chemistry	-	0.1	1,381.1	20,605.2	21,986.3
18	Clothing, knit goods, linen	-	-	98.2	-	98.2
20	Fuel, petroleum	-	-	2,195.1	177.8	2,375.0
Credit Payment Orders		-119.7	-96.4	12,290.5	21,613.8	33,904.3
Grand Total		12,061.3	13,837.8	426,306.1	539,186.4	965,492.5

*Amounts in arrears or discontinued (marked -).

**Apparently miscopied - should have been 49,920.4, 21,885.0, 13,342.2

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